

## Message Text

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ORIGIN SS-30

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DRAFTED BY ARA:JBKUBISCH:MPH

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S/S -O:K KURZE

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

C O N F I D E N T I A L STATE 163983

EXDIS

E.O.11652:GDS

TAGS: ETRD, BR

SUBJECT:COUNTERVAILING DUTIES ON SHOES

REFERENCE: BRASILIA 5532

FOR AMBASSADOR CRIMMINS FROM ASSISTANT SECRETARY KUBISCH

1. BY SEPTTEL WE ARE TRANSMITTING TO YOU TEXT OF PROPOSED  
REPLY TO GOB'S NOTE NO. 52 OF JUNE 25 AND THE EMBASSY'S  
AIDE MEMOIRE OF JUNE 17.
2. PRIOR RECEIPT OF REFTTEL I DISCUSSED WITH ASSISTANT  
SECRETARY MAC DONALD OF THE TREASURY DEPARTMENT A PROPOSED  
SCENARIO AND NEXT STEPS IN THE COUNTERVAILING DUTY PROCESS.  
HE AND I REACHED INFORMAL AGREEMENT, GENERALLY CONSISTENT  
WITH APPROACH OUTLINED REFTTEL, BUT I HAVE BEEN UNABLE AS  
YET TO CONSULT WITH HIM AGAIN ABOUT THIS MOST RECENT  
SEQUENCE OF STEPS THAT YOU HAVE RECOMMENDED.

MAC DONALD AND I BOTH FELT IT WOULD BE HIGHLY DESIRABLE  
FOR SECRETARY SIMON TO WRITE A LETTER TO FINANCE MINISTER  
SIMONSEN AND FOR SECRETARY KISSINGER TO SEND A PARALLEL  
LETTER TO FOREIGN MINISTER SILVEIRA, AND WE ARE PREPARED  
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SO TO RECOMMEND TO OUR RESPECTIVE SECRETARIES. HOWEVER,

WE BOTH FEEL THAT IT WOULD BE PREMATURE TO SEND THESE TWO LETTERS UNTIL SECRETARY SIMON RECEIVED THE LETTER FROM SIMONSEN AND TREASURY HAD AN OPPORTUNITY TO EVALUATE THE

REMAINING DATA BEING TRANSMITTED; OTHERWISE, IT MIGHT APPEAR WE WERE PREJUDGING THE MATTER AND HAD CONCLUDED EVEN IN ADVANCE OF RECEIVING THIS MATERIAL THAT TREASURY WOULD GO AHEAD AND COUNTERVAIL.

3. IF, AS SEEMS PROBABLE, TREASURY CONCLUDES THAT A BOUNTY OR GRANT EXISTS AND IT MUST COUNTERVAIL, WE WILL SEEK TO SEND THE TWO LETTERS TO YOU PROMPTLY IN BRASILIA. MACDONALD AGREED INFORMALLY WITH ME TO AWAIT A REASONABLE, ALTHOUGH BRIEF, INTERVAL TO PROVIDE THE GOB AN OPPORTUNITY TO CONSIDER REMOVING THE BOUNTY OR GRANT AND TO CONSULT WITH US ABOUT IT, EVEN THOUGH WE REALIZE FROM YOUR MOST RECENT REPORTING THAT THEY ARE UNLIKELY TO DECIDE UPON THIS COURSE.

WHEN WE HAVE THEIR DECISION, AND ASSUMING IT IS NEGATIVE, WE WILL THEN COORDINATE WITH YOU ON THE ACTUAL ANNOUNCEMENT OF THE COUNTERVAILING ACTION IN WASHINGTON. IN SUCH EVENT IT MAY REPEAT MAY BE POSSIBLE TO MAKE THE ANNOUNCEMENT SIMULTANEOUSLY WITH ONE ALSO AFFECTING ARGENTINA AND SPAIN, IF IT BECOMES NECESSARY ALSO TO COUNTERVAIL IN THOSE LATTER CASES.

IN REFTEL YOU INDICATE YOU WOULD LIKE TO DELIVER A LETTER FROM THE SECRETARY TO SILVEIRA AT THE SAME TIME YOU DELIVER REPLY TO GOB'S NOTE. PLEASE RECONSIDER THIS IN LIGHT OF SCENARIO OUTLIN ABOVE. IF YOU CONTINUE TO FEEL THE NOTE AND SECRETARY'S LETTER SHOULD BE DELIVERED AT THE SAME TIME, YOU WILL WANT TO HOLD UP DELIVERY OF OUR PROPOSED REPLY TO GOB NOTE, WHICH IS ALSO BEING TRANSMITTED TO YOU TODAY BY SEPTTEL. PLEASE BEAR IN MIND THAT IT WILL TAKE A FEW DAYS AT LEAST FOR SUCH A LETTER TO BE PREPARED, SIGNED AND TRANSMITTED, ALTHOUGH WE HAVE A DRAFT ALREADY IN HAND. (WE HAVE BEEN AWAITING TREASURY'S RECEIPT OF THE SIMONSEN LETTER AND DATA.)

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4. THIS MESSAGE HAS NOT BEEN CLEARED WITH TREASURY BUT DOES REFLECT THE SUBSTANCE OF MY UNDERSTANDING WITH ASSISTANT SECRETARY MACDONALD AND OTHER APPROPRIATE DEPARTMENT OFFICES. I AM SENDING IT TO YOU THIS AFTERNOON SO THAT YOU WILL KNOW OUR CURRENT THINKING IN WASHINGTON AS YOU CONSIDER OUR PROPOSED REPLY TO GOB'S NOTE NO. 52. YOU MAY, OF COURSE, REFER TO THIS MESSAGE IN CONVEYING ANY FURTHER VIEWS YOU HAVE ON THIS MATTER.

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## Message Attributes

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**To:** BRASILIA  
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